Community *Liaison*

Volume No. 2001-04 September 2001

Third Federal Spurs Revitalization

Multiple Efforts in its Neighborhood Home

In 1998, Marc A. Stefanski, chairman and chief executive officer of **Third Federal Savings and Loan Association** in Cleveland, Ohio, realized the company was at a crossroads. The savings and loan his parents founded in 1938 had outgrown its existing headquarters, still located on Broadway Avenue in the Slavic Village area of Cleveland, Ohio, where the doors first opened. At that time, Slavic Village housed working-class immigrants primarily from Poland and other middle European countries. Today, while the community still counts many older citizens of middle-European background among its neighbors, it has become more ethnically and culturally diverse. Once dominated by small lots and two-story clapboard homes with carefully tended flower gardens on postage-stamp lawns, Slavic Village now has its share of abandoned and ill-kept dwellings, empty store fronts and weed-covered, debris-strewn lots.

Third Federal was faced with a difficult decision: buy adjacent properties, demolish old buildings and stay or pickup and move to virgin suburban land. And, of course, the former choice was decidedly more costly. Yet, while Third Federal might have abandoned its roots and contributed to the neighborhood's permanent decline, Chairman Marc A. Stefanski preferred to show loyalty to the community that had generously supported the savings and loan for 63 years.

Working with numerous local community, charitable and civic groups, Third Federal designed its new 176,000 square-foot office campus to reflect the wishes of area residents, including green space, trees and community meeting rooms. The style of the brick and stone buildings conforms to the architecture of many fine old commercial buildings still standing in the neighborhood. The $18 million complex was completed without tax abatement or government subsidies; $1 million of the tax credits from the building are being used for streetscape improvements on Broadway Avenue on a half-mile stretch from Fleet Avenue to Aetna Road.

The corporate headquarters is the first step in the Broadway Development Initiative (BDI), an ongoing revitalization program for the three-mile corridor of the Broadway-Slavic Village area. Initiated by Third Federal, the BDI has brought together partners including the City of Cleveland, the Cleveland Catholic Diocese's Church in the City program, residents and over 100 businesses and development, nonprofit, civic and cultural organizations.

Community *Liaison*
is produced by the
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552

To be placed on the mailing list or to receive additional copies please call your local Community Affairs Liaison

(see page 2)

OTS Community Affairs Staff

Northeast Region

Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, Pennsylvania, New York, West Virginia, Delaware, & New Jersey

Francis Baffour, Community Affairs Liaison (201) 413-7343 – Ph.
Wendy Pelle, Community Affairs Specialist (201) 413-7509 – Ph.
U.S. Department of the Treasury (201) 413-7520 – Fax
Office of Thrift Supervision
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302

Southeast Region

Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, Maryland, Washington, D.C., Puerto Rico, & Virgin Islands

Lynn Bedard, Community Affairs Liaison (404) 888-8443 – Ph.
Kim Lucas, Community Affairs Specialist (404) 888-8532 – Ph.
U.S. Department of the Treasury (404) 897-1861 – Fax
Office of Thrift Supervision
1475 Peachtree Street, N.E.
Atlanta, Georgia 30309

Central Region

Illinois, Indiana, Wisconsin, Ohio, Michigan, Kentucky, & Tennessee

Claude Becker, Community Affairs Liaison (312) 917-5022 – Ph.
Bruce Derbigny, Community Affairs Specialist (312) 917-5066 – Ph.
U.S. Department of the Treasury (312) 917-5001 – Fax
Office of Thrift Supervision
1 South Wacker Drive
Suite 2000
Chicago, Illinois 60606

Midwest Region

North Dakota, South Dakota, Minnesota, Iowa, Nebraska, Colorado, Kansas, Missouri, New Mexico, Oklahoma, Arkansas, Mississippi, Texas, & Louisiana

Aaron Satterthwaite, Jr., Community Affairs Liaison (972) 277-9569 – Ph.
Jason Sweat, Community Affairs Specialist (972) 277-9570 – Ph.
U.S. Department of the Treasury (972) 277-9563 – Fax
Office of Thrift Supervision
225 E. John Carpenter Freeway, Suite 500
Irving, Texas 75062-2326

West Region

Washington, Montana, Oregon, Idaho, Wyoming, California, Nevada, Utah, Arizona, Alaska, Hawaii, & Guam

James Woods, Community Affairs Liaison (650) 746-7040 – Ph.
U.S. Department of the Treasury (650) 746-7001 – Fax
Office of Thrift Supervision
Pacific Plaza — 2001 Junipero Serra Blvd., Suite 650
Daly City, California 94014-1776

Marie Friederichs, Community Affairs Specialist (206) 553-5469 – Ph.
U.S. Department of the Treasury (206) 553-5475 – Fax
Office of Thrift Supervision
101 Stewart Street, Suite 1210
Seattle, Washington 98101

Washington, D.C.

Sonja White, National Coordinator (202) 906-7857 – Ph.
Louise Batdorf, Program Analyst II (202) 906-7087 – Ph.
U.S. Department of the Treasury (202) 906-6326 – Fax
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D. C. 20552

BDI Home Building Program

Following the completion of the headquarters complex, new housing was a primary consideration. With a dozen homes built and a dozen more currently under construction, Third Federal is on the way to developing and financing a planned 200 new homes in the Slavic Village area alone. "The presence of new housing is the primary factor in the revitalization of a neighborhood," says Stefanski. "We found the most expedient way to handle this venture is to oversee both the development and financing of the homes."

A team from Third Federal's Community Development Services, Construction Loan, Lending and Facilities Departments was formed to locate and purchase the home sites and develop the properties. It found local partners to complete the development and sales team. The goals of the partnership are to meet consumer demand for new construction homes, increase the rate of home ownership and improve the appearance of the neighborhood. Third Federal provides mortgage financing at reduced rates with significantly reduced closing costs. The Slavic Village Development Corporation assembles the land and works with the City to provide 10-year tax abatements, second mortgages and down payment assistance for the new homebuyers. Rysar Properties handles the construction and sales of the new homes.

The typical 1400-square foot home, designed with front porches to conform to the style of home prevalent in the neighborhood, features vinyl siding, three bedrooms, central air conditioning, and a two-car garage. They are being sold at market price, which ranges from approximately $130,000 to $160,000.

Associates Build Habitat Home

Third Federal is partnering with Greater Cleveland Habitat for Humanity to build homes. In the spring of 2001, more than 160 Third Federal associates volunteered to help Habitat build a home for a local family in Slavic Village, just down the street from the Third Federal headquarters. In addition to paying for the home, Third Federal provided construction crews of up to 10 associates three days a week, and, with the help of contributions from area businesses, supplied lunch for the entire Habitat crew.

Community Liaison

Editors: Sonja White
Marie Friederichs
Production: Rick Shacklette
Printing: John Scott

In addition to providing labor and supplies, Third Federal has purchased more than $500,000 in 0% interest mortgages from Habitat to help the organization free up funds for further home building efforts. The thrift is planning to finance the construction of approximately 20 more Habitat homes on scattered sites throughout the City of Cleveland.

Third Federal to Finance Seniors Housing Community

Directly across the street from the Third Federal headquarters on Broadway Avenue, Third Federal plans to finance a new senior citizen housing community for seniors ages 55 and up. Third Federal is partnering with Jennings Hall, Buckeye Community Hope Foundation and the NRP Group LLC, to complete the project.

The three-story brick and siding complex will feature 42 two-bedroom suites, averaging 855 square feet of living space. A number of the suites will be earmarked for low to moderate income seniors. There will be common laundry facilities and meeting rooms. The exterior is designed to be harmonious with the architectural styles in the Broadway neighborhood. The project partners are considering offering a number of other services for residents of the complex. Although the building is scheduled to open next year, area seniors already are calling Third Federal to be added to the list of potential residents.

Third Federal Wins Awards for Neighborhood Building Projects

While Third Federal has not sought publicity for its efforts, they have not gone unrecognized. For its work on the redevelopment and revitalization of the Broadway neighborhood, including the construction of its new headquarters building, Third Federal recently received two prestigious awards. The *George S. Dively Award* of the Maxine Levin School of Business of Cleveland State University was presented to Marc A. Stefanski for Third Federal's contribution to the development of the neighborhood. The award was made at a new event initiated in 2001 to more formally recognize contributors to Cleveland communities.

For its recent expansion of its headquarters and commitment to Slavic Village, the Cleveland neighborhood it calls home, Third Federal received the *Agra Award* from the Slavic Village Development Corporation. The community service award was presented at a tree-planting ceremony in front of one of the new homes built and financed by Third Federal.

Neighborhood Investment Program

Third Federal's commitment to community extends beyond its home neighborhood. The company's Neighborhood Investment Program, sponsored by the Community Development Services Department (CDS), is designed to help low and moderate income families achieve the dream of successful home ownership. Five communities with strong local leadership have been identified and Third Federal will strive to position itself as the number one housing lender in those areas. The designated Cleveland neighborhoods include Glenville, Kinsman-Union, Fairfax, Clark-Fulton, St. Clair-Superior and Goodrich-Kirtland.

The process begins with special education programs for potential homebuyers on home ownership and money management. Participants who complete the Third Federal funded courses and receive their certification, and who have the necessary income, will be approved for a Third Federal home loan. The CDS mortgage loans feature below market rates and significantly reduced closing costs. Community Development Corporations and other trusted organizations and community leaders will help identify and recommend potential homebuyers in targeted communities. Third Federal also plans to build a minimum of five new homes in each of the designated neighborhoods similar to those being constructed in Slavic Village.

About Third Federal

Third Federal Savings and Loan Association, named consecutively in the last two years to the Fortune list of "100 Best Companies to Work For," is a leading provider of savings and mortgage products. Founded in 1938 as a mutual association by Ben and Gerome Stefanski, Third Federal is dedicated to serving consumers with competitive rates and outstanding customer service. Third Federal, an equal housing lender, serves customers in Ohio and Kentucky from 30 branches and eight lending offices and serves Florida from 14 branches on both coasts. As of June 30, 2001, Third Federal had total assets of $7 billion. It is the nation's largest mutual savings and loan association ■

For further information contact Monica Martines, Third Federal Savings, (216) 241-7346 or Claude Becker, Community Affairs Liaison, Central Region, at (312) 917-5022.

Manufactured Housing

As any thrift can tell you, mortgage lending is a competitive business. In today's market, it seems that for every credit-worthy family there are five lenders waiting in line to finance the American Dream. Declining profits and narrowing margins have forced traditional home lenders to seek ways to diversify their portfolios and enhance earnings. At the same time, many lenders, particularly in rural communities, have expressed frustration in trying to find opportunities to finance homes, particularly affordable housing for lower to moderate income families. Interestingly, the demand for manufactured housing, particularly in certain markets in the country, is increasing as the costs of site built homes escalate and as availability of housing stock dwindles.

For a variety of reasons, many banks and thrifts have never offered manufactured housing loan products and others left the market years ago. As a result, the majority of manufactured housing loans today are being originated by non-bank finance companies that specialize in manufactured housing loans; loans are often processed directly through the manufactured housing dealer. But the manufactured housing industry is changing. Today's competitive lending environment, the tremendous advances in the construction of manufactured homes, and the data indicating that manufactured housing is the housing of choice for more and more families, and the only option for some, suggest that manufactured housing may provide an opportunity for conventional lenders.

The world of manufactured housing today is in many respects different from the manufactured housing industry 20 years ago. Manufactured housing now is the housing of choice for over 8 million households in this country. In 2000 alone, one in six single-family housing starts nationwide was manufactured housing. In certain parts of the country, particularly the south, these numbers are significantly higher. And, the manufactured housing of today is not the trailers and mobile homes of yesterday. The majority of manufactured homes today are owner-occupied, placed on the buyer's land, long-term investments, and often designed to look like site-built homes. Manufactured housing is a an attractive option because it is available, affordable and customizable. Yet, the stigma associated with manufactured housing continues to exist, due in part to the continued existence of bad actors in the business: those who design and sell poor quality units, and provide questionable or undesirable financing arrangements; to age-old stereotypes; and to local zoning and NIMBY issues.

When talking about manufactured housing, it is importantto get the lingo right. Imprecise or incorrect use of terms can perpetuate negative stereotypes often associated with mobile homes and trailer parks. Although terms such as ***manufactured housing***, ***modular housing***, ***trailers*** and ***mobile homes*** are often used interchangeably, they refer to different housing types. "Manufactured homes" are factory-built residential units built after 1976 in accordance with the Federal Manufactured Home Construction and Safety Standards, commonly referred to as the HUD Code. Manufactured homes are constructed on an integral chassis and are transported from the factory by truck using that chassis.

"Modular homes" are also factory-built, sometimes in the same factory as manufactured housing. Modular homes are built in accordance with state and local building codes, rather than the HUD Code. They are transported to the housing site by truck. "Mobile home" properly refers to factory-built units produced prior to June 1976 when the HUD Code went into effect. A "trailer" is a temporary shelter, such as a camping trailer, which can be towed behind a vehicle.

The confusion regarding the definition of manufactured housing contributes to the continued negative stereotypes. Many reports lump mobile homes and manufactured housing under the same category-"mobile home"-because statistics don't always differentiate between units built before or after 1976. News articles and Internet sites often use the terms manufactured housing and mobile home interchangeably. Even a majority of residents refer to their units as mobile homes. (See accompanying statistics)

When considering whether to offer manufactured housing loans, financial institutions need to consider how likely consumers in their market area are to choose a manufactured home. The Manufactured Housing Institute tracks the number of manufactured houses delivered as a percentage of new home starts both nationwide and on a regional basis and the numbers are surprising. According to the 1999 National Housing Survey, 6.6% of all occupied housing nationwide is manufactured. The percentages increase dramatically and will continue to increase, depending upon which part of the country you are in. During the 1990s, 40% of all new housing starts in the state of North Carolina were manufactured housing. The numbers are similar in other southern states, in which 65% of new manufactured housing units were placed in 2000. Nationally, in 1999 manufactured homes represented 20.7% of all new housing starts. In 2000, the percentage had grown to 22%. Manufactured housing now represents a very significant portion of the U.S. new housing market.

Many people are surprised by these large percentages. Just who is choosing manufactured housing and why? In 1999, the Foremost Insurance Company, a member of the Farmers Insurance Group, conducted a survey of manufactured housing owners to learn more about who is living in the homes. The results were published in a publication entitled "The Market Facts-1999 Report." A portion of the survey findings is included with this article. The entire publication can be viewed on line at www.foremost.com/market_facts/index.htm.

Urban In-fill Manufactured Housing in Seattle, Washington.

Manufactured housing offers the amenities and design features of site-built homes at a lower price and is now viewed as a long-term living solution for many. While "mobile" by design, most manufactured homes will never be moved once installed on-site. The majority of units are placed on private property, 46 percent on individually owned property and 6 percent on private lots in subdivisions. Only 36 percent are located on leased/rented land in parks. More striking, 79 percent of units are owner-occupied as the primary residence.

Cost is often cited as one of the main reasons a consumer might elect to purchase a manufactured housing unit. In 1999, the median income of a manufactured housing resident was $26,900. That same year, the average cost of a multi section manufactured unit was $50,200, compared to $253,425 for a site-built unit, according to the Manufactured Housing Institute. A wide range of designs and amenities allow consumers to custom design their units, which come with everything installed, including the shower curtain. Over 90 percent of units have central air-conditioning and 90 percent have three or more bedrooms. Most new units (67 percent) are multi-sectioned and two-story models are now available.

Any discussion of manufactured housing is almost certain to cause the immediate polarization of the participants. Many housing advocates are opposed to manufactured housing because they are convinced that the homes will not appreciate and are therefore a bad investment for an owner, particularly a lower income homeowner. Other research indicates that appreciation is largely a matter of quality, location and maintenance rather than just the fact that the home was factory-built. The subject of manufactured housing is beginning to attract a great deal of attention, and no doubt, the question of appreciation will continue to be examined.

There is likely to be some analysis of the role of financing (or lack of it) in the appreciation question. It is difficult or impossible to obtain long-term financing to purchase a used manufactured home-even if it is permanently affixed to real property. If the larger stick-built home population had to depend upon owner financing to support its active re-sale market, there is the distinct possibility that that market would also experience a lack of appreciation or a dramatic decline in the amount of appreciation. Since manufactured homes are purchased and then resold primarily by low and moderate income families, owners have less ability to support an owner-financed arrangement and will likely settle for a lower sales price to ensure a cash transaction. The lack of mortgage financing for resale may play a significant role in depressing any appreciation that might otherwise occur.

Coming issues of "Community Liaison" will explore some of the issues a lender, a housing advocate or a home buyer might consider when deciding to offer manufactured housing products, including loan products and considerations, title considerations, affordability and appreciation, and design features. We welcome your comments about your experiences financing manufactured housing and will print some of them in upcoming issues ■

For additional information, contact Lynn Bedard, Community Affairs Liaison, SE Region @ (404) 888-8443.

Who are Owners of Manufactured Homes?

Age of Household Head

	1990	1993	1996	1999
Less Than 30 Years	9%	7%	8%	8%
30-39 Years	23%	23%	20%	18%
40-49 Years	18%	19%	17%	19%
50-59 Years	15%	16%	16%	19%
60-69 Years	18%	17%	18%	17%
70 Years And Over	17%	18%	21%	19%
Total Percentage	**100%**	**100%**	**100%**	**100%**
Number Responding	*18,476*	*17,433*	*23,093*	*22,723*
Average Age	*50.8*	*51.7*	*52.8*	*52.6*

Employment Status of Household Head

	1990	1993	1996	1999
Full Time	61%	58%	57%	57%
Part Time	6%	7%	7%	7%
Retired	27%	28%	29%	29%
Not Employed	6%	6%	6%	7%
Total Percentage	**100%**	**99%**	**99%**	**100%**
Number Responding	*18,091*	*16,630*	*21,865*	*22,076*

Occupation of Household Head

	1990	1993	1996	1999
Retired	27%	26%	27%	28%
Executive/Managerial/Professional	14%	15%	15%	14%
Technical/Sales/Admin. Support	10%	8%	9%	9%
Craftsman/Repairman	13%	12%	11%	10%
Operator/Laborer	14%	14%	15%	16%
Service	7%	7%	7%	7%
Farming/Forestry/Fishing	2%	2%	2%	2%
Student/Armed Forces/Other	12%	17%	15%	14%
Total Percentage	**99%**	**101%**	**101%**	**100%**
Number Responding	*18,476*	*17,433*	*23,093*	*22,723*

Total Net Worth

	1990	1993	1996	1999
Less Than $25,000	~	~	21%	23%
$ 25,000 - $49,999	49%	48%	24%	23%
$ 50,000 - $99,999	26%	28%	27%	26%
$100,000 - $249,999	17%	17%	18%	19%
$250,000 And Over	9%	8%	9%	10%
Total Percentage	**101%**	**101%**	**99%**	**101%**
Number Responding	*17,141*	*15,892*	*21,214*	*20658*
Median Net Worth	*$52,000*	*$54,000*	*$58,000*	*$59,000*

Household Size

	1990	1993	1996	1999
1 Member	25%	26%	28%	28%
2 Members	38%	38%	38%	37%
3-4 Members	30%	29%	27%	28%
5 Or More Members	7%	7%	7%	7%
Total Percentage	**100%**	**100%**	**100%**	**100%**
Number Responding	*18,476*	*17,433*	*23,093*	*22,723*
Average Household Size	*2.4*	*2.4*	*2.3*	*2.4*

Population Market Size

	1990	1993	1996	1999
Less than 100,000	~	46%	40%	41%
100,000 - 499,999	~	18%	20%	21%
500,000 - 1,999,999	~	16%	18%	17%
2,000,000 or More	~	21%	22%	20%
Total Percentage	**~**	**101%**	**100%**	**99%**
Number Responding	~	*17,423*	*23,093*	*22,723*

Marital Status

	1990	1993	1996	1999
Married	61%	61%	58%	57%
Never Married	10%	9%	10%	10%
Divorced/Widowed/Separated	29%	30%	32%	33%
Total Percentage	**100%**	**100%**	**100%**	**100%**
Number Responding	*18,476*	*17,433*	*23,093*	*22,723*

Education of Household Head

	1990	1993	1996	1999
Grade School	7%	5%	3%	3%
Some High School	14%	14%	13%	13%
High School Graduate	41%	37%	37%	36%
Some College (No Degree)	25%	27%	28%	29%
Associate s Degree (2 Year)	~	5%	7%	8%
Bachelor s Degree (4 Year)	7%	8%	7%	7%
Post Graduate Degree	5%	4%	4%	3%
Total Percentage	**99%**	**100%**	**99%**	**99%**
Number Responding	*18,402*	*17,303*	*22,975*	*22,618*

Annual Household Income

	1990	1993	1996	1999
Less Than $10,000	16%	13%	12%	10%
$ 10,000 - $19,999	29%	25%	25%	23%
$ 20,000 - $29,999	25%	25%	25%	23%
$ 30,000 - $39,999	15%	17%	17%	18%
$ 40,000 - $49,999	7%	9%	9%	11%
$ 50,000 And Over	8%	11%	12%	15%
Total Percentage	**100%**	**100%**	**100%**	**100%**
Number Responding	*18,476*	*17,433*	*23,093*	*22,723*
Median Income Level	*$21,600*	*$24,000*	*$24,500*	*$26,900*

Life Stage

	1990	1993	1996	1999
Young Singles (Age < 35)	~	2%	2%	2%
Middle Singles (Age 35 - 65)	~	13%	14%	15%
Older Singles (Over 65)	~	10%	12%	11%
Young Couples (Age < 45/No Children)	~	7%	7%	7%
Working Older Couples (45 Plus/No Children)	~	14%	13%	12%
Retired Older Couples (45 Plus/No Children)	~	14%	14%	13%
Young Parents (< 45/Youngest Child < 6)	~	12%	14%	14%
Middle Parents (< 45/Youngest Child 6 Plus)	~	15%	12%	11%
Older Parents (45 Plus/Any Age Child)	~	12%	10%	12%
Roommates (Same Sex Non-Relatives)	~	2%	2%	2%
Total Percentage	**~**	**101%**	**100%**	**99%**
Number Responding	~	*17,433*	*23,093*	*2,723*

Family Household Designation

	1990	1993	1996	1999
Husband And Wife	61%	61%	58%	57%
Male And Other Relative	2%	2%	2%	2%
Female And Other Relative	9%	9%	9%	10%
Male Living Alone	8%	7%	8%	9%
Female Living Alone	17%	19%	20%	20%
Male And Non-Relative	1%	1%	1%	1%
Female And Non-Relative	2%	1%	2%	2%
Total Percentage	**100%**	**100%**	**100%**	**100%**
Number Responding	*18,476*	*17,433*	*23,093*	*22,723*

Where Do Owners of Manufactured Homes Live?

MH Purchase Source

	1990	1993	1996	1999
New From A Dealer	42%	41%	39%	40%
New From A MH Park	3%	3%	3%	3%
Directly From A Factory	~	~	1%	1%
New From A MH Broker	1%	1%	1%	1%
From A Private Party	35%	36%	35%	34%
Used From A Dealer	10%	9%	9%	9%
Used From A RE Agent	5%	4%	6%	7%
Used From A MH Park	2%	2%	2%	3%
Used From A MH Broker	2%	2%	2%	2%
Bank Repossession	0%	2%	2%	2%
Total Percentage	**100%**	**100%**	**100%**	**102%**
Number Responding	*17,870*	*16,078*	*21,628*	*20,863*

Financed at the time they purchased their MH

	1990	1993	1996	1999
Percentage	64%	62%	64%	65%
Number Responding	*17,758*	*16,186*	*21,112*	*20,505*

Market Value

	1990	1993	1996	1999
Less Than $2,500	8%	9%	7%	7%
$2,500 - $7,499	26%	24%	20%	17%
$7500 - $14,999	25%	24%	22%	19%
$15,000 - $24,999	19%	19%	20%	20%
$25,000 - $39,999	13%	14%	16%	17%
$40,000 - $49,000	4%	5%	6%	7%
$50,000 - $74,999	4%	5%	7%	9%
$75,000 and Over	1%	1%	2%	4%
Total Percentage	**100%**	**101%**	**100%**	**100%**
Number Responding	*15,872*	*15,254*	*20,792*	*20,222*
Median Market Value	*$10,000*	*$11,000*	*$15,000*	*$17,000*

Mobile Home Location

	1990	1993	1996	1999
Park - Don t Own Lot	34%	37%	37%	36%
Subdivision - Own Lot	6%	6%	6%	6%
Condominium/Co-Op Park	1%	1%	1%	1%
Owner s Private Property	42%	44%	45%	46%
Someone Else s Property	16%	11%	11%	11%
Total Percentage	**99%**	**99%**	**100%**	**100%**
Number Responding	*18,387*	*17,335*	*23,077*	*22,703*

How Do Owners of Manufactured Homes Live?

How MH is Currently Used

	1990	1993	1996	1999
Owner Occupied Primary Residence	80%	78%	79%	79%
Rent Primary Residence from Owners	5%	6%	6%	8%
Summer/Winter Home	8%	4%	4%	3%
Weekend Getaways/Vacations	~	5%	3%	4%
Rent Out to Others	5%	6%	4%	3%
Relative Lives in It	~	~	2%	2%
Storage/Vacant/Extra Bedroom	1%	2%	1%	1%
Total Percentage	**99%**	**101%**	**99%**	**100%**
Number Responding	*18,537*	*17,423*	*23,090*	*22,723*

When someone asks you what type of residence it is, what do you call it?

	1999
Mobile Home	63%
Trailer	19%
Manufactured Home	10%
House	4%
Modular Home	2%
Travel Trailer	1%
Double Wide*	1%
Total Percentage	**100%**
Number Responding	*22,137*

Satisfaction With MH Living

	1990	1993	1996	1999
Very Satisfied	52%	51%	52%	52%
Somewhat Satisfied	35%	37%	36%	36%
Somewhat Dissatisfied	9%	9%	8%	8%
Very Dissatisfied	4%	4%	3%	3%
Total Percentage	**100%**	**101%**	**99%**	**99%**
Number Responding	*17,863*	*17,079*	*22,376*	*22,127*

How many MORE years planning to own current MH

	1990	1993	1996	1999
1 Year Or Less	9%	11%	11%	11%
2-3 Years	13%	13%	11%	11%
4-5 Years	11%	11%	11%	10%
Over 5 Years	11%	16%	13%	14%
Always	57%	49%	55%	53%
Total Percentage	**101%**	**100%**	**101%**	**99%**
Number Responding	*17,148*	*16,118*	*20,943*	*20,278*

Total Years Ever Owned or Lived in Any Manufactured Home

	1990	1993	1996	1999
Less Than 5 Years	19%	18%	15%	16%
5-9 Years	30%	26%	25%	22%
10-19 Years	39%	38%	38%	36%
20 Years Or More	13%	18%	22%	26%
Total Percentage	**101%**	**100%**	**100%**	**100%**
Number Responding	*18,311*	*17,367*	*23,052*	*20,844*
Median Years	*10*	*10*	*11*	*12*

Note: *Throughout this report, a ~ will indicate that comparable data is not available.*

Sources: *Selected data extracted from The Market Facts - 1999 Report, a survey conducted by the Foremost Insurance Group. Used with permission. See website for complete survey results. (www.foremost.com/market_facts/index.htm)*

DEMOGRAPHIC REVOLUTION

Business Evolution

Park Federal Savings Bank (Park Federal), a $240 million thrift, does business on the southwest side of Chicago near Midway Airport and also has a branch in the western suburbs. Park Federal (and its predecessor state association) has been in business since 1921. Like many Chicago savings and loans, Park Federal was founded as a Slovak institution with an Eastern European ethnic customer base. In the early 1990's, however, the Bank found itself in the midst of a sweeping demographic change as its market area became largely Hispanic.

Between 1970 and 1990, the Hispanic population in Illinois mushroomed to over 904,000, with well over half living in Chicago. Census figures show that by 1990 the City of Chicago had the third largest Hispanic population in the United States, trailing only New York City and Los Angeles. According to Census 2000, the City retained that ranking and one in four residents of Chicago is now Hispanic. Hispanics are the fastest growing population in Chicago and represent 26 percent of the City's population, 22 percent of Cook County's population and 12.3 percent (up from 7.9 percent) of the State of Illinois' population. Back of the Yards, the area west of the old Chicago Stockyards and one of the target neighborhoods in west Chicago served by Park Federal, is 49 percent Hispanic. Recent statistics show that the Chicago area and Cook County currently has the second largest Hispanic population concentration in the United States other than that located in southern California.

These changes didn't go unnoticed by the Bank. Richard J. Remijas, Jr., the Chief Operating Officer of Park Federal, said, "Management recognized strong similarities in these diverse ethnic groups. The incoming Hispanic population exhibited strong family ties and loyalties, were generally religious, supportive of local parishes, showed a strong work ethic, and were immigrants supporting relatives and friends in the country that they had recently left. We also recognized a growing community orientation reflected in their not-for-profit organizations and support of Hispanic political candidates and organizations." Yet the Bank found itself still doing business with conventional lending and savings products as it had since 1921. Realizing that its old business model was out-dated, management considered how best to address the credit and housing needs of a burgeoning new potential customer base.

The first step was to evaluate the Bank's deficiencies and identify its opportunities. At the time, the Bank employed a largely English-speaking staff. Mr. Remijas recognized a cultural bias among immigrants from Mexico against banks due to poor experience with government support, nationalization of financial institutions, and resulting loss of capital. The Bank was also aware of, but unfamiliar with, the new commercial and political leadership structure in the community. Park Federal knew it needed to learn more about existing community resources and what products were most desired by and suited to the evolving neighborhoods.

In working with local not-for-profit, housing-oriented organizations, Mr. Remijas met Paul J. Lopez. Mr. Lopez shared a vision of creating opportunities for individual family home ownership by expanding the use of financial support services for the growing Hispanic population, largely underserved by traditional banking structures and dependent on family and friends for financial advice and support. In 1994, Mr. Lopez joined Park Federal with a broad mandate from management to penetrate a community in which he had grown up, to develop relationships with community leaders and organizations interested in promoting home ownership, and to find opportunities for the Bank to lend to residents in a profitable and well-underwritten manner. The Bank believed that neighborhood revitalization activities, when properly underwritten, would lead to a stable customer base, increasing the Bank's opportunities and at the same time contributing to an increased sense of security in the neighborhood.

Now a Vice President with Park Federal, Mr. Lopez used the broad mandate to create a new business model for the organization, taking into consideration its expanded market opportunities. Management supported Mr. Lopez's activities financially and philosophically by creating a "loaned officer" program, lending Mr. Lopez's expertise and time to organizations such as Neighborhood Housing Services of Chicago (NHS), Holy Cross/IHM Parish, the Back of the Yards Neighborhood Council, the Back of the Yards Education Peace Coalition and 9th District Youth Net. Mr. Lopez immersed himself in neighborhoods and the Bank lent financial support to those organizations that promoted home ownership, supported effective political leadership and helped reduce crime and violence.

Park Federal looked at both direct and indirect financial support as an investment in its community. Among the direct investments made by the Bank were funds to support the creation of NHS offices in the Back of the Yards neighborhood and the Gage Park neighborhood (directly adjoining the Back of the Yards). Without cash to finance the opening of offices, the NHS's neighborhood revitalization and home ownership promotion efforts would have been hampered.

The Bank invested in first and second mortgage pools operated throughout the city by the NHS. As the Bank became more comfortable with the rate of return it received from the pool and revolving loan fund lending, it expanded its investments to include the extension of a line of credit to the NHS. The Line of Credit, the first of its kind under this program, enabled the NHS to participate in HUD's Asset Control Area Program, through which the NHS can acquire and rehabilitate properties abandoned due to foreclosure in the Back of the Yards and Gage Park/Chicago Lawn areas. Once necessary rehabilitation is completed, NHS sells the properties to qualified families.

Results have been impressive. Park Federal, along with the Back of the Yards Neighborhood Council, has built 14 new homes under the City of Chicago's "New Homes for Chicago Program." The units are the first new housing units constructed in the Back of the Yards neighborhood in over 30 years. A subsidy provided by the City of Chicago and Park Federal Savings Bank's unique lending program combined to make the program a success.

Tools available through the Federal Home Loan Bank, Neighborhood Housing Services and the City of Chicago were used to decrease the risk to the lender and to supplement the upfront cash needed from the borrower. This allowed families with good credit and less available cash to qualify to purchase existing homes, subsidized new construction, or homes needing rehabilitation. The second mortgage pool allowed the Bank to bypass PMI while reducing down payment requirements for eligible homeowners.

The Bank achieved a balance between its objectives of using available resources to promote home ownership and showing a profit. Market rates of return were received on its first mortgage pool commitments, on its direct first mortgage conventional lending, and on the lines of credit extended to the NHS. The low loan loss rates verified the Bank's perception that its credit quality and underwriting standards were not being changed or violated in the interest of loan volume.

The Bank's efforts have not gone unrecognized. In 1999 and 2000, Park Federal received awards totaling $400,000 from the Community Development Financial Institution (CDFI) Fund's Bank Enterprise Award Program (BEA). The BEA program created a financial incentive for the Bank to expand its activities that promote home ownership while realizing a profit and broadening its customer base. The funding has allowed Park Federal to: expand direct financial support to organizations which educate and place qualified families in home ownership; expand Bank staff devoted to lending activities; add products that meet the financial needs of the community; and offer additional financial assistance to organizations which provide Park Federal with the tools to support home ownership and stable neighborhoods.

In 2001, Park Federal estimates that its Gage Park office will do over seven times the volume of lending it did in 1995. This is primarily due to community involvement and partnerships formed with non profits working to increase homeownership and foster neighborhood revitalization. According to a March 15, 2001, article in The Chicago Tribune, the Gage Park neighborhood was Chicago's fastest growing neighborhood between 1990 and 2000; Gage Park lies in the area of the Southwest Side of Chicago that saw a dramatic growth in Hispanic population.

Community involvement has been the cornerstone in accomplishing the vision shared by Mr. Lopez and Mr. Remijas in 1993. To meet the needs of the new Hispanic market, the Bank produces all materials, such as brochures and disclosures, in both English and Spanish. Bank personnel conduct Spanish only classes and financial seminars at churches in the targeted Hispanic neighborhoods. Mr. Lopez is currently president of the Back of the Yards Business Association. If Park Federal Savings Bank has learned anything in its efforts to adjust to changing demographics, it is that a bank can benefit only if it is both physically and financially involved in its community. By identifying and providing financial support to organizations that most effectively promote neighborhood stability, the Bank has enhanced its presence in the community and has expanded its customer base into new markets ■

For more information on this article, contact Claude Becker, Central Region Community Affairs Liaison at (312) 917-5022 or Richard J. Remijas, Park Federal Savings Bank, at (773) 582-8616.

CHECK It Out!

Fostering Mainstream Financial Access for the Unbanked is an Internet-based, one-stop clearinghouse developed by the Federal Reserve Bank of Chicago and the U.S. Department of Treasury. The project was undertaken to encourage and support research and improve access to affordable, convenient financial products and services to underserved populations. The site has been designed to appeal to a wide audience, including academics, government and nonprofit organizations, and financial services providers. The clearinghouse contains over 300 articles, government reports, books and other documents published since 1980 on the topic of the unbanked, information about current and pending legislation and regulation, upcoming conferences and workshops, financial literacy programs and innovative products offered by the financial services industry. Links are provided to other research organizations that conduct research on underserved populations and to data sources that study the demographics of the unbanked population and consumer attitudes towards banking. The website address is www.chicagofed.org/unbanked/index.cfm.

Proceedings from the Federal Reserve's Community Affairs Research Conference — *Changing Financial Markets and Community Development* — held in April, 2001 are also available on the Chicago Fed's website. Research topics include the unbanked and the alternative financial sector, new industry developments, wealth creation and evaluation of CRA, as well as the text of speeches by Chairman Greenspan and Governor Gramlich. Browse through the proceedings at www.chicagofed.org/cedric/index.cfm.

Money Smart is a new financial literacy curriculum released by the Federal Deposit Insurance Corporation (FDIC) and the Department of Labor (DOL). It is available at no cost to financial institutions and One Stop Career Centers. A brochure describing the Money Smart program can be printed from the FDIC web site, www.fdic.gov. To order a copy of the curriculum, use the form attached to the brochure. Program materials may be reproduced. If an institution is interested in working with a local One Stop Career Center to provide financial education, contact your regional FDIC or DOL office or locate a local One Stop Career Center through DOL's web site at www.doleta.gov or www.servicelocator.org. Paper copies of the curriculum may be obtained through the FDIC's Public Information Center, 801 17th Street NW, Room 100, Washington, DC 20424, 1 (800) 276-6003 or (202) 416-6940.

Personal Finance and the Rush to Competence: Financial Literacy Education in the U.S. The Institute for Socio-Financial Studies (ISFS) has issued a comprehensive report on and analysis of resources available for personal financial education. Commissioned and supported by the Fannie Mae Foundation, the report covers financial education programs provided through the workplace, community-based and faith-based organizations, the Cooperative Extension Service, the U.S. Military, and community colleges. Issues such as age, gender, socio-economics, and culture are considered in relation to program design. The Executive Summary is available online at www.isfs.org/frameless/exec-summ.html. To obtain a copy of the study, e-mail fmfpubs@fanniemaefoundation.org. For information on ISFS, contact ISFS, 14 S. Madison Street, P.O. Box 1824, Middleburg, VA, 20118, call (540) 687-6080, e-mail info@isfs.org, or see their web site at www.ISFS.org ■

Upcoming Events and Training Opportunities . . .

October 15-19: Minneapolis, MN. Neighborhood Reinvestment Training Institute. Will include a symposium on ***The Arts and Economic Development*** and another on ***Insurance Partnerships: Challenges and Opportunities for Community Organizations and Insurance Professionals***. For information, call (800) 438-5547 or visit www.nw.org/training/.

October 24-27: Memphis, TN. The National Community Capital Association will hold its ***17th Annual Training Conference*** at the Peabody Memphis Hotel in Memphis, TN. The theme of this four-day training for CDFI practitioners is ***Building Inclusive Prosperity in an Increasingly Diverse Society***. For more information including an online brochure and registration form, refer to NCCA's website: www.communitycapital.org.

November 8-9: Washington, DC. ***Summit 2001: Sustaining Home Ownership in a Time of Demographic and Economic Change*** will be held at the Holiday Inn on Capitol Hill. The two-day conference is co-sponsored by The LISC Center for Home Ownership, Neighborhood Reinvestment Corporation, The National Cooperative Bank and NBC Development Corporation. For more information about the conference or to receive a registration brochure, you may call Margaret Payne at (202) 739-0888.

January 30-February 1, 2002: San Francisco, CA. Save the Date for the upcoming ***2002 Community Reinvestment Conference***, sponsored by the Office of Thrift Supervision, Federal Reserve Bank of San Francisco, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency. Join community development professionals from across the country for two and a half days packed with inspiring general sessions, training and networking opportunities. Attendees will gain guidance and clarification on CRA compliance, lending, service and investment techniques. Brochures will be mailed in October. To be added to the mailing list email sf.communityaffairs@sf.frb.org or call Bruce Ito at (415) 974-2422. If you have questions regarding the conference agenda, please contact Lena Robinson at (415) 974-2717 or by email: lena.robinson@sf.frb.org.

Future editions of the Community Liaison will highlight thrift industry community development activities and related issues and regulatory initiatives. We welcome your comments, as well as information about your institution's community development activities. Please contact your regional OTS Community Affairs Liaison, or write to us at our email address: **community@ots.treas.gov.** We look forward to hearing from you.

The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services.